

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 12-03-014
(Filed March 22, 2012)

**THE DIVISION OF RATEPAYER ADVOCATES' RESPONSE
TO MEGAWATT STORAGE FARMS MOTION REGARDING
THE LOADING ORDER AND STORAGE**

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I. INTRODUCTION

Pursuant to Rule 11.1 of the Commission’s Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) responds to the October 5, 2012 “MegaWatt Storage Farms-- Motion regarding the Loading Order and Storage,” (Motion). MegaWatt Storage Farms (MegaWatt) submits its Motion “requesting a ruling that Storage be ranked first in Loading Order priority.”¹ While DRA agrees that storage may have the potential to reduce the need for “natural gas demand for integration of renewables by providing a means to handle the intermittence of wind and solar without needed to burn fossil fuels,”² the current long-term procurement planning (LTPP) proceeding is not the correct forum to consider revisions to the loading order. The loading order was developed jointly by the California Energy Commission (CEC), the California Public Utilities Commission (Commission) and any revisions to the loading order should be the product of similar collaboration. Moreover, it is not clear that revisions to the loading order are necessary to incorporate energy storage in utility procurement.

II. DISCUSSION

The CPUC and CEC developed California’s Energy Action Plan following the energy crisis of 2001 and 2001. Last revised in 2008, the Energy Action Plan:

“adopts a ‘loading order’ of preferred ways to meet the energy needs of California’s growing population. Energy efficiency and demand response are first, followed by renewable energy on the supply side.”³

MegaWatt’s Motion requests a ruling in this LTPP proceeding that storage be included and ranked on the top in the loading order priority. DRA supports facilitating the deployment of cost-effective and viable energy storage technologies based on identified need for a particular application(s). DRA also agrees with many of the energy storage attributes indicated in the MegaWatt’s motion. However, those attributes do not definitively show a need to include

¹ Motion, p. 2.

² Motion, p. 5.

³ *California’s Energy Leadership*, CPUC January 2010, p. 6.

energy storage in the loading order, let alone including specific types of energy storage on the top of the loading order list as MegaWatt requests.⁴

MegaWatt claims that:

“[t]he present LTPP proceeding is evaluating and deciding on quantities of resources to be procured, Storage being one such resource available for such procurement. The LTPP can't do its job properly unless it considers Storage.... It is impossible for the LTPP Proceeding to analyze or decide on procurements unless a decision is made on Storage's ranking within the Loading Order.”⁵

While the LTPP proceeding identifies the quantities of resources needed, it does not determine the specific type of resources to be procured, and DRA therefore disagrees that it is “impossible” to analyze procurement without revising the loading order as MegaWatt requests.

Southern California Edison (SCE) correctly observed:

“energy storage resources are not net producers of energy. Rather, storage devices may be enablers that support the integration of certain types of resources, and/or support the reliable operation as the grid as a whole. These functions are distinct from being a source of net energy needed to serve load.”⁶

DRA agrees that storage devices have the potential to support integration of other resources and believes that energy storage can be selected over other resources if all its attributes are considered in the selection, based on the specific needs and applications. There may not be a need for inclusion of storage in the loading order unless it is impossible to account for these

⁴ Motion pp. 2-3. MegaWatt defines storage as excluding systems that do not cause greenhouse gas (GHG) emissions. This is not true for all energy storage technologies, depending on the source used to “charge up” the storage device. Any type of storage takes its energy from another generating resource that may or may not be GHG-free. MegaWatt specifically proposes to exclude some storage technologies, such as Compressed Air Energy Storage (CAES), hot and cold water storage, and large scale pumped hydro where it cannot be located near the load. Assuming that storage were included in the loading order, it appears that MegaWatt’s motion would cause inequities as well as add complications to the process by including some technologies on the top of the loading order while excluding other storage technologies.

⁵ Motion, pp. 4-5.

⁶ Southern California Edison Company's Reply Brief On Track I Issues, October 12, 2012, p. 50.

attributes. Some of the energy storage attributes that may provide more advantages over other supply side resources are shorter lead time, modularity, and fast ramping capabilities. DRA supports an evaluation process that would compare all the energy storage attributes, as well as costs and viability, with other supply side resources without mandating a set capacity or megawatt (MW) target. The ongoing energy storage proceeding (Rulemaking (R.) 10-12-007), where the energy storage use cases will be developed and provided to the LTPP process would provide more direction on treatment of energy storage and whether any “carve-outs” should apply to this resource.

III. CONCLUSION

The Commission should deny MegaWatt’s motion and instead pursue any changes to the loading order in collaboration with the California Energy Commission.

Respectfully submitted,

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